



California Energy Commission

Fuel Supply Infrastructure Assessment

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Fuel Supply Infrastructure Assessment

Background

- Purpose of study: to identify potential problems and recommend a course of action for state policymakers
- California has recently become a net importer of petroleum fuels
- Demand for gasoline and diesel in California will likely rise at a faster rate than supply produced in the state
- Petroleum fuel imports will therefore increase



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Background (cont.)

- Is our import and distribution infrastructure ready?
- In addition, constraints and bottlenecks in the infrastructure system may impede timely delivery of additional product during supply disruptions



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Outline for Analysis

- Forecast for refinery expansion (“creep”); comparison to demand outlook
- Identification of potential constraints and bottlenecks (short and long term, physical and regulatory) in marine infrastructure, pipelines, and refineries, through existing information and stakeholder interviews.
- Further analysis using a petroleum market simulation model currently being developed (PIMSIM)



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Outline for Analysis (cont.)

- Analysis of access to California markets by potential new entrants
- Findings, conclusions, and recommendations



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Interviews for Infrastructure Assessment

- Conducted November and December, 2004
- Refiners; pipeline, storage and terminal operators; government bodies; independent importers
- Northern and Southern California trips



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Some Preliminary Information gained from Interviews

- Some refiners are pessimistic about California business climate—bias against investing in the state
- Local groups are a significant contributor to delays in refinery and other infrastructure projects
- Major investments may be required as California oil production continues to dwindle and refiners transition to sweeter light crude oils



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Some Preliminary Information gained from Interviews (cont.)

- Title V regulations may limit refinery “creep”
- Storage costs have more than doubled in recent years
- CARBOB arriving from new locations in Europe
- Policies in the Southern California ports have led to very high utilization rates for marine facilities